



Mandatory E-Invoicing & Electronic Fiscal System (EFS): What the New Regime Means for Taxpayers, Tax Administration and Compliance Risk

Introduction

On the 17th day of February 2026, the Nigeria Revenue Service (NRS) formally announced the implementation timeline of the phased rollout of the E-Invoicing & Electronic Fiscal System (EFS), a nationwide digital reporting framework that will require taxpayers to issue and transmit transaction data electronically through an integrated tax platform. This was made pursuant to its powers under Section 23 of the Nigerian Tax Administration Act, 2025 and 158 of the Nigerian Tax Act, 2025. The objective is clear: real-time transaction visibility, stronger compliance monitoring, and improved revenue assurance through technology-driven tax administration.

The EFS regime represents a structural shift in Nigeria's tax enforcement model moving from periodic reporting and retrospective audits to continuous digital oversight of commercial activity. Implementation began with large taxpayers, with the system initially going live on 1 August 2025. However, following operational and integration challenges, full implementation for that segment was deferred to November 2025.

The rollout follows extensive preparatory engagement. Prior to deployment, the NRS conducted stakeholder consultation sessions across key sectors within the large taxpayer community, including tax consultants and professional bodies. These engagements informed a pilot phase launched in January 2025, designed to test operational readiness and system functionality.

The EFS will be implemented progressively across taxpayer categories based on turnover thresholds, with compliance enforcement introduced in phases as onboarding and system integration mature.

What the EFS Framework Covers

The E-Invoicing and Electronic Fiscal System establishes a centralized infrastructure for capturing, validating, and transmitting invoice data to tax authorities. It applies across taxpayer categories and will be implemented in structured phases.

Key components of the framework include:

- **Mandatory Electronic Invoicing**

Taxpayers will be required to issue invoices through systems



integrated with the tax authority's digital platform. Transactions will be electronically validated and recorded.

- **Real-Time Transaction Reporting**

Invoice and transaction data will be transmitted directly to tax authorities, enabling continuous monitoring of taxable activities.

- **Phased Implementation by Taxpayer Category**

The rollout follows a structured adoption model covering stakeholder engagement, pilot rollout, go-live, post-implementation review, and compliance enforcement.

Implementation will apply sequentially to:

- o Large taxpayers
- o Medium taxpayers
- o Emerging taxpayers

Each category is subject to different onboarding timelines and enforcement windows.

- **System Integration Requirements**

Businesses must align accounting, ERP, and invoicing infrastructure with the EFS platform to enable automated data transmission.

- **Compliance Monitoring and Enforcement**

Once enforcement begins for each taxpayer segment, authorities may rely on EFS data for audits, compliance assessments, and enforcement action.

- **Implementation Timeline by Taxpayer Segment**

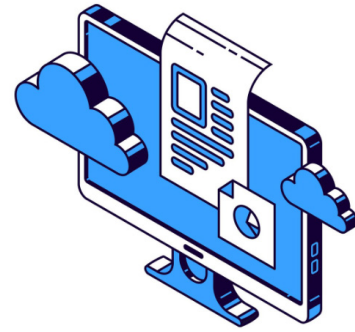
The rollout is structured according to turnover thresholds:

- **Large Taxpayers (Above ₦5 Billion)**
Post-implementation review: January – March 2026
Compliance enforcement: April – June 2026
- **Medium Taxpayers (₦1 Billion – ₦5 Billion)**
Stakeholder engagement: January – March 2026
Pilot rollout: April – June 2026
Go-live: 1 July 2026
Compliance enforcement: January – March 2027
- **Emerging Taxpayers (Below ₦1 Billion)**
Stakeholder engagement: January – March 2027
Pilot rollout: April – June 2027
Go-live: 1 July 2027
Compliance enforcement: January – March 2028

Implications for Stakeholders

For Taxpayers and Businesses

- Businesses must upgrade invoicing and accounting systems to ensure EFS compatibility.
- Real-time reporting significantly reduces flexibility



around revenue timing, invoice issuance, and transaction documentation.

- Informal or manual invoicing practices will become high risk.
- Compliance failures may be easier to detect and enforce.
- Early technology readiness will be a key determinant of compliance efficiency.

For Tax Administration and Regulatory Authorities

- Tax authorities gain real-time transaction visibility.
- Audit processes become data-driven and risk-targeted.
- Revenue monitoring shifts from reactive enforcement to proactive surveillance.
- Inter-agency data sharing and analytics capabilities are strengthened.
- The regime positions tax administration as digitally inclined, predictive, and continuous.

For Compliance Risk and Enforcement Exposure

- Data discrepancies across filings may be immediately identifiable.
- Under-reporting risks increase significantly.
- Audit cycles may become shorter and more targeted.
- Documentation and internal controls become critical compliance tools.

Looking Ahead with SimmonsCooper Partners

The EFS regime will reshape how businesses record transactions, manage tax risk, and engage with tax authorities. Early preparation is essential. Businesses that act now will retain flexibility in system design, integration strategy, and compliance planning. Those that delay may face operational disruption once enforcement begins.

For support on tax risk management, or regulatory engagement, contact us at info@scp-law.com or visit www.scp-law.com.